



**REPORT TO THE
NORTH CAROLINA STUDY COMMISSION ON
AGING CONCERNING THE STRUCTURE AND COST
OF A SYSTEM TO REWARD ADULT CARE HOMES
WHICH RECEIVE HIGH RATINGS**

North Carolina Department of Health and Human Services

March 1, 2008

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**Report to the
North Carolina Study Commission on Aging
Concerning the Structure and Cost of a System to Reward
Adult Care Homes Which Receive High Ratings**

Response to Legislative Request

The General Assembly enacted as part of Senate Bill 56, S.L. 2007-544 the following provision:

SECTION 3.(d) The Department of Health and Human Services, Divisions of Health Service Regulation, Aging and Adult Services, and Medical Assistance shall study the structure and cost of a system to reward adult care homes which receive high ratings. The Department shall report findings and recommendations on this study to the North Carolina Study Commission on Aging not later than March 1, 2008.

The rating system to which Section 3.(d) refers is contained in Sections 3.(a) and 3.(b).

In response to the above directive, the Department met and studied the structure and cost of a reward system for adult care homes which receive high ratings.

Background

Senate Bill 56, S.L. 2007-544 Section 3.(a) put in place requirements for the North Carolina Medical Care Commission to adopt rules for the issuance of rated certificates to adult care homes. Section 3.(b) of the law contained minimal requirements and other parameters on which the rated certificates would be based. It should be noted that the rules were adopted by the Medical Care Commission on February 8, 2008, and are on the March 20, 2008, agenda of the Rules Review Commission. It appears the rules will be based on a merit/demerit point system where facilities start with 100 points and receive merit points for exceeding adult care home licensing standards and demerit points for non-compliance with standards including the imposition of fines and penalties. Ratings will be based on the annual inspection conducted by the Division of Health Service Regulation. Subsequent inspections between annual inspections can also affect the rating if administrative actions are imposed or corrected. Facilities will receive anywhere from zero to three stars the first year and zero to four stars the second year, with zero stars being the lowest rating and four stars being the highest. See table below.

Star Rating Points for Adult Care Home

| Star Rating | Number of Points |
|---|--|
| 4 Star | 100 or more points for 2 consecutive annual inspections |
| 3 Star | 90 – 100 points |
| 2 Star | 80 – 89.9 points |
| 1 Star | 70 – 79.9 points |
| 0 Star | 69.9 or less points, including actions to revoke license |
| Adopted by Medical Care Commission on 2/8/2008; to go before the Rules Review Committee on 3/2/2008 | |

Results of Discussion and Basis of Reward System

The discussion concerning a reward system for adult care homes with high ratings concentrated on four areas:

1. What is considered a “high rating”?
2. Should the reward include an increased monthly allocation of State/County Special Assistance for residents residing in the facility?
3. Should the reward include an increased Medicaid reimbursement rate for residents who are Medicaid beneficiaries?
4. If increased State/County Special Assistance and/or Medicaid rates are not options, what other reward(s) could be used?

1. What is considered a “high rating”?

The rating system adopted by the Medical Care Commission on February 8, 2008, is based on a 100 point scale, with the possibility of facilities acquiring more than 100 points if they receive merit points for going above and beyond licensing requirements. It seems reasonable that any facility that achieves a 4 Star Rating (100 points or higher on two consecutive annual surveys by the Division of Health Service Regulation) would have received a “high rating” and should therefore be eligible to receive a reward.

2. Increased monthly allocation of State/County Special Assistance

Increasing the monthly payment for State/County Special Assistance is not considered a viable option. Special Assistance is used to pay for the resident’s room and board and is comprised of 50% county and 50% state funds and is paid directly to the resident in the facility. Increasing the monthly payment of Special Assistance to residents in a specific adult care home that has achieved a high rating would impact both county and state budgets around the state with little notice that the increased rate is forthcoming. Special Assistance rates are set by the N.C. General Assembly for the entire state, not for single counties. Implementing a system to increase rates in those counties that have adult care homes with high ratings would be extremely difficult, if not impossible, to implement. At the point a resident moved in or out of an adult care home, the Special Assistance rate would have to be adjusted based on the status of the home. With an average of 23,000 Special Assistance recipients in adult care homes, this would create significant work load

issues for staff in county departments of social services. Counties pay all the costs for staff to determine eligibility for the Special Assistance Program. In addition, it should be noted that some adult care homes in North Carolina have residents who do not receive Special Assistance and these homes would be unfairly penalized by a reward system that relied on Special Assistance.

3. Increased Medicaid reimbursement for facilities with residents who are Medicaid beneficiaries

The purpose of Medicaid reimbursement in adult care homes is for personal care services provided to Medicaid beneficiaries. These services primarily include assistance with medications and activities of daily living. The Medicaid rates set for Personal Care services in adult care home are not facility specific. Since Medicaid reimbursement rates are based on the cost of providing care and services to residents, adjusting the rate to reward an adult care home for receiving a high rating on its annual inspection would not be in compliance with rate setting standards and federal regulations. Only the cost incurred to provide the service can be used to determine the rate. In addition, it should be noted that not all adult care homes in North Carolina have residents who are Medicaid beneficiaries and these homes would be unfairly penalized by a reward system that relied on enhanced Medicaid reimbursement.

4. Other reward options if increased State/County Special Assistance and/or Medicaid rates are not available

Considering the unavailability of enhanced State/County Special Assistance or Medicaid reimbursements for adult care homes that receive high ratings, another reward system was considered which would reward eligible facilities with a monetary grant. The grant would be used to make facility enhancements that have a positive impact on improving the quality of life for residents in adult care homes. The grant could be modeled after a current grant program in North Carolina administered by the North Carolina Coalition for Long-Term Care Enhancement (a coalition supported by the Division of Health Service Regulation). In this program, the Coalition awards nursing homes “enhancement grants,” utilizing funds from civil monetary penalties collected from nursing homes as a result of federal nursing home enforcement. Nursing home providers use the grant money to fund facility enhancements that have a positive effect on the quality of life or quality of care for nursing home residents. A similar system could be award enhancements grants for adult care homes that receive high ratings. .

The funding for the Adult Care Home grant program would differ from the North Carolina Coalition for Long-Term Care Enhancement grant program. The North Carolina Coalition for Long-Term Care Enhancement grants are funded by fines imposed and collected from Nursing Homes under federal regulations. Fines collected from Adult Care Homes are under state regulations, and accordingly have to be transferred to the appropriate Local Education Authorities. Since the state would be prohibited from using adult care home civil fines and penalty collections, the General Assembly would have to appropriate funds from which grants could be dispersed

How the Enhancement Grant System Would Work

The grant system could be modeled after the North Carolina Coalition for Long-Term Enhancement, which is used for distributing enhancement grants to nursing homes. The Coalition was started in the fall of 1996 and has been a highly successful, cooperative effort among regulators, providers, advocates, and other experts to foster and support the philosophies of the Eden Alternative™ and other environmental transformation concepts. The goal is to make facilities better places to live for residents and better places to work for employees.

The Coalition developed the grant program in an effort to enhance the quality of life for long term care residents through the promotion and support of physical plant enhancements. Funded by civil monetary penalties collected through the federal nursing home enforcement process and with approval from the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services, these grants encompass a variety of current culture change philosophies and enhancement ideas. From 1998 to 2007, nearly \$1 million in grants have been awarded to over 50 nursing homes for enhancements geared toward improving the quality of life for residents.

For example, a state owned facility, Longleaf Neuro-Medical Center in Wilson, received a grant in June 2004. This facility houses residents with behavioral challenges. With the grant money, the facility transformed, with the help of residents, an area into a habitat called “Paradise.” When the residents were in the new “Paradise” area, it was noted their behaviors calmed substantially.

The Coalition’s Mission Statement reads, “The NC Coalition for Long-Term Care Enhancement is a growing network dedicated to transforming care settings into vibrant and vigorous environments, thereby improving the quality of life for these residents and staff.” The goals the Coalition has identified are: 1) To bring together a diverse group dedicated to improving the quality of life in care settings, 2) To educate people on philosophies of cultural and environmental enhancements in institutions 3) To support those organizations that choose to adopt cultural and environmental enhancements and 4) To advocate change which promotes human growth in care giving environments.

By using the philosophy of the Coalition, enhancement grants could be dispersed as rewards to adult care homes that achieve high ratings on annual inspections. A Grant Committee would be formed of adult care home stakeholders including provider representatives, advocates, Division of Health Service Regulation staff and others. Once an adult care home receives a 4 Star Rating (100 or more points for two consecutive annual inspections), it would be eligible to apply for an enhancement grant. The committee would meet monthly and consider grant applications. Grant money would be distributed using a contractual arrangement between the Department and the adult care facility. Similar to the Coalition’s philosophy, the grant money would be used for facility enhancements geared toward improving the quality of life of adult care home residents. An administrative officer would monitor the grant money use and expenditures (position included below in “Fiscal Impact”).

Time Line for Implementation

Below is a time line based on a reasonable implementation schedule given the tasks that would need to be accomplished in order to provide an effective enhancement grant system.

Not later than June 30, 2009: appropriation for adult care home reward program for facilities that receive 4 Star Rating for the period of January 1 – June 30, 2010.

Not later than June 30, 2010: recurring appropriations for adult care home reward program for facilities that receive 4 Star Rating for the period of July 1, 2010 – June 30, 2011.

Fiscal Impact

The primary fiscal impact with an Enhancement Grant system would be the amount of appropriations allocated by the General Assembly for exclusive use as grant funds. To make the grants worth the facility's time in terms of planning what to do with the grant money and filing a grant application, we recommend the General Assembly allocate a minimum of at least \$500,000 non-reverting funds on a recurring basis. According to current inspection results data, this would be enough money to provide grant amounts of \$1,000 - \$2,000 for facilities that receive high ratings. The General Assembly will need to determine how much to allocate for such purposes. More appropriations would create larger grant amounts and vice versa.

Additional fiscal impact with an Enhancement Grant system would be the cost to administer the program. An additional staff position will be necessary to coordinate and organize the Grant committee, process grant applications, track grant distribution and expenditures to assure grant money is spent appropriately. The staff position should be one with excellent organizational skills such as an administrative officer level position that has the ability to exercise judgment and discretion in applying and interpreting policies and procedures, plan work of the grant committee and monitor grant distribution and facility expenditures. The cost of this position, including salary and benefits, is estimated to be recurring annual funds of \$50,000.

Therefore, the recommended total costs for implementing the system are estimated to be \$300,000 for January 1 – June 30, 2010 (\$250,000 for Enhancement Grants and \$50,000 for the administrative officer position) and \$550,000 of recurring funds for State fiscal year 2010-2011 (\$500,000 for Enhancement Grants and \$50,000 for the administrative officer position).

Attachment 1:

**DHHS - Division of Health Service Regulation
Adult Care Home Rating Worksheet**

Procedure: DHSR shall complete the rating worksheet upon conclusion of the facility's annual inspection or other activity affecting the rating. **Conclusion of the inspection** is defined as when DHSR staff has returned to the office and the statement of deficiencies is mailed to the facility. **If issues affecting the rating change between annual inspections, a new certificate shall be mailed to the facility.**

Reason for Rating Issuance

| <input type="checkbox"/> Annual Inspection Date of inspection: | | <input type="checkbox"/> Identification of Type A or Type B Violation Date of violation: | | <input type="checkbox"/> Administrative action Date of action: | |
|--|----------------|--|--|---|--|
| <input type="checkbox"/> Follow-up Inspection Date of inspection: | | <input type="checkbox"/> Identification of uncorrected Type B Violation Date of identification: | | <input type="checkbox"/> Other Date: | |
| Merit Points Earned | Demerit Points | Statute or Rule – Category | Measurement Evaluated | | |
| | | 13F .0300 – Physical Plant Requirements | For each citation of noncompliance with the rules related to physical plant, the facility shall receive a demerit of 2 points. (total citations_____x 2.0=_____) | | |
| | | 13F .0700 – Admission & Discharge Requirements | For each citation of noncompliance with the rules related to admission and discharge, the facility shall receive a demerit of 2 points. (total citations_____x 2.0=_____) | | |
| | | 13F .0800 – Resident Assessment & Care Plan | For each citation of noncompliance with the rules related to resident assessment & care plan, the facility shall receive a demerit of 2 points. (total citations_____x 2.0=_____) | | |
| | | 13F .0900 – Resident Care & Services | For each citation of noncompliance with the rules related to resident care & services, the facility shall receive a demerit of 2 points. (total citations_____x 2.0=_____) | | |
| | | 13F .1000 – Medication Management | For each citation of noncompliance with the rules related to medication management, the facility shall receive a demerit of 2 points. (total citations_____x 2.0=_____) | | |
| | | 13F .1300 – Special Care Units for Alzheimer's & Related Disorders | For each citation of noncompliance with the rules related to special care units for Alzheimer's & related disorders, the facility shall receive a demerit of 2 points. (total citations_____x 2.0=_____) | | |
| | | 13F .1400 – Special Care Units for Mental Health Disorders | For each citation of noncompliance with the rules related to special care units for mental health disorders, the facility shall receive a demerit of 2 points. (total citations_____x 2.0=_____) | | |
| | | 13F .1500 – Use of Physical Restraints & Alternatives | For each citation of noncompliance with the rules related to physical restraints and alternatives, the facility shall receive a demerit of 2 points. (total citations_____x 2.0=_____) | | |
| | | G.S. 131D-21 – Residents' Rights | For each citation of noncompliance with the statutes related to residents' rights, the facility shall receive a demerit of 2 points. (total citations_____x 2.0=_____) | | |
| | | Type A Violation | For each citation of noncompliance, which results in a Type A violation, the facility shall receive a demerit of 10 points. (total citations_____x 10 =_____) | | |
| | | Type B Violation | For each Type B violation that is identified, the facility shall receive a demerit of 3.5 points and if the Type B remains uncorrected on follow-up, the facility shall receive an additional 3.5 demerits (total Type B violations uncorrected_____x 3.5 =_____) | | |
| | | Suspension of Admissions | If the facility's admissions are suspended, the facility shall receive a demerit of 10 points. | | |
| | | Notice of Revocation of License Issued | If a notice of revocation of license is issued, the facility shall receive a demerit of 31 points. | | |
| | | Type A Violation deficiency corrected | For each citation, which is corrected, which previously resulted in a Type A violation, the facility shall receive a merit of 2.5 points and shall receive an additional 2.5 points if no Type A violations are identified on the next annual inspection. (total citations_____x 2.5 =_____) | | |
| | | Uncorrected Type B Violation corrected | For each uncorrected Type B violation that is corrected, the facility shall receive a merit of 1.25 points (total Type B violations corrected_____x 1.25 =_____) | | |
| | | Correction of citations (non-Type A and non-Type B) | If the facility corrects citations on follow-up, the facility shall receive a merit of 1 point. (total citations corrected_____x 1.25 =_____) | | |
| | | Suspension of Admissions removed | If the facility's admissions have been suspended and the suspension is removed, the facility shall receive a merit of 5 points. | | |
| | | G.S. 131D-10(d)(2) – Participation in Quality Improvement Program approved by DHHS | If the facility participates in a quality improvement program approved by DHHS, it shall receive a merit of 2.5 points. | | |
| | | G.S. 131E – NC NOVA designation awarded | If the facility is a NC NOVA designated, the facility shall receive a merit of 2.5 points. | | |
| | | Emergency power back-up | The facility shall receive 2 merit points for new emergency power arrangements and 1 point for existing emergency power arrangements. | | |
| | | Automatic sprinklers | The facility shall receive 3 merit points for newly installed sprinklers and 2 points for existing sprinklers. | | |

Attachment 2:

DHHS - Division of Health Service Regulation

Family Care Home Rating Worksheet

Procedure: DHSR shall complete the rating worksheet upon conclusion of the facility's annual inspection or other activity affecting the rating. **Conclusion of the inspection** is defined as when DHSR staff has returned to the office and the statement of deficiencies is mailed to the facility. **If issues affecting the rating change between annual inspections, a new certificate shall be mailed to the facility.**

Reason for Rating Issuance

| <input type="checkbox"/> Annual Inspection Date of inspection: | | <input type="checkbox"/> Identification of Type A Violation Date of violation: | | <input type="checkbox"/> Administrative action Date of action: | |
|--|----------------|--|---|---|--|
| <input type="checkbox"/> Follow-up Inspection Date of inspection: | | <input type="checkbox"/> Identification of uncorrected Type B Violation Date of identification: | | <input type="checkbox"/> Other Date: | |
| Merit Points Earned | Demerit Points | Statute or Rule – Category | Measurement Evaluated | | |
| | | 13G .0300 – The Building (physical plant requirements) | For each citation of noncompliance with the rules related to physical plant, the facility shall receive a demerit of 2 points. (total citations _____ x 2.0= _____) | | |
| | | 13G .0700 – Admission & Discharge Requirements | For each citation of noncompliance with the rules related to admission and discharge, the facility shall receive a demerit of 2 points. (total citations _____ x 2.0= _____) | | |
| | | 13G .0800 – Resident Assessment & Care Plan | For each citation of noncompliance with the rules related to resident assessment & care plan, the facility shall receive a demerit of 2 points. (total citations _____ x 2.0= _____) | | |
| | | 13G .0900 – Resident Care & Services | For each citation of noncompliance with the rules related to resident care & services, the facility shall receive a demerit of 2 points. (total citations _____ x 2.0= _____) | | |
| | | 13G .1000 – Medication Management | For each citation of noncompliance with the rules related to medication management, the facility shall receive a demerit of 2 points. (total citations _____ x 2.0= _____) | | |
| | | 13G .1300 – Use of Physical Restraints & Alternatives | For each citation of noncompliance with the rules related to physical restraints and alternatives, the facility shall receive a demerit of 2 points. (total citations _____ x 2.0= _____) | | |
| | | G.S. 131D-21 – Residents' Rights | For each citation of noncompliance with the statutes related to residents' rights, the facility shall receive a demerit of 2 points. (total citations _____ x 2.0= _____) | | |
| | | Type A Violation citation | For each citation of noncompliance, which results in a Type A violation, the facility shall receive a demerit of 10 points. (total citations _____ x 10 = _____) | | |
| | | Type B Violation | For each Type B violation that is identified, the facility shall receive a demerit of 3.5 points and if the Type B remains uncorrected on follow-up, the facility shall received an additional 3.5 demerits (total Type B violations uncorrected _____ x 3.5 = _____) | | |
| | | Suspension of Admissions | If the facility's admissions are suspended, the facility shall receive a demerit of 10 points. | | |
| | | Notice of Revocation of License Issued | If a notice of revocation of license is issued, the facility shall receive a demerit of 31 points. | | |
| | | Type A Violation deficiency corrected | For each citation, which is corrected, which previously resulted in a Type A violation, the facility shall receive a merit of 2.5 points and shall receive an additional 2.5 points if no Type A violations are identified on the next annual inspection. (total citations _____ x 2.5 = _____) | | |
| | | Uncorrected Type B Violation corrected | For each uncorrected Type B violation that is corrected, the facility shall receive a merit of 1.25 points (total Type B violations corrected _____ x 1.25 = _____) | | |
| | | Correction of citations for one star facilities without Type A or Type B | If the facility corrects citations on follow-up, the facility shall receive a merit of 1 point. (total citations corrected _____ x 1 = _____) | | |
| | | Suspension of Admissions removed | If the facility's admissions have been suspended and the suspension is removed, the facility shall receive a merit of 5 points. | | |
| | | G.S. 131D-10(d)(2) – Participation in Quality Improvement Program approved by DHHS | If the facility participates in a quality improvement program approved by DHHS, it shall receive a merit of 2.5 points. | | |
| | | G.S. 131E – NC NOVA designation awarded | If the facility is a NC NOVA designated, the facility shall receive a merit of 2.5 points. | | |
| | | Emergency power back-up | The facility shall receive 2 merit points for new emergency power arrangements and 1 point for existing emergency power arrangements. | | |
| | | Automatic sprinklers | The facility shall receive 3 merit points for newly installed sprinklers and 2 points for existing sprinklers. | | |

Attachment 3: Adopted Rules for Adult Care Homes

10A NCAC 13F .1601 is adopted with changes as published in 22:11 NCR, pp. 938-942, as follows:

SECTION .1600 – RATED CERTIFICATES

10A NCAC 13F .1601 SCOPE

(a) This Section ~~shall apply~~ applies to all licensed adult care homes that have been in operation for more than one year.

(b) As used in this Section a “rated certificate” means a certificate issued to an adult care home on or after January 1, 2009 and based on the factors contained in G.S. 131D-10.

*History Note: Authority G.S. 131D-4.5; 131D-10;
Eff. April 1, 2008.*

10A NCAC 13F .1602 is adopted with changes as published in 22:11 NCR, pp. 938-942, as follows:

10A NCAC 13F .1602 ISSUANCE OF RATED CERTIFICATES

(a) A rated certificate shall be issued to ~~the~~ a facility by the Division of Health Service Regulation within 45 days completion of ~~the activity set out in~~ a new rating calculation pursuant to Rule .1604. .1604 of this Subchapter.

(b) If the ownership of the facility ~~experiences a change of ownership,~~ changes, the rated certificate in effect at the time of the change of ownership shall remain in effect until the next annual survey or until a new rating certificate is issued pursuant to Rule .1604(b) of this Subchapter.

(c) The certificate and any worksheet the Division ~~uses~~ used to calculate the ~~rating~~ rated certificate shall be ~~posted in a place in the facility visible to residents, staff and visitors.~~ displayed in a location visible to the public.

(d) The facility may contest the ~~rating~~ rated certificate by requesting a contested case hearing pursuant to G.S. 150B. The ~~rating~~ rated certificate and any subsequent ~~ratings~~ shall certificates remain in effect during any contested case hearing process.

*History Note: Authority G.S. 131D-4.5; 131D-10;
Eff. April 1, 2008.*

10A NCAC 13F .1603 is adopted with changes as published in 22:11 NCR, pp. 938-942, as follows:

10A NCAC 13F .1603 STATUTORY AND RULE REQUIREMENTS AFFECTING RATED CERTIFICATES

The following Statutes and Rules ~~shall~~ comprise the standards that contribute to rated certificates:

- (1) G.S. 131D-21 Resident’s Rights;

- (2) 10A NCAC 13F .0300 Physical Plant Requirements;
- (3) 10A NCAC 13F .0700 Admission and Discharge Requirements;
- (4) 10A NCAC 13F .0800 Resident Assessment and Care Plan;
- (5) 10A NCAC 13F .0900 Resident Care and Services;
- (6) 10A NCAC 13F .1000 Medication Management;
- (7) 10A NCAC 13F .1300 Special Care Units for Alzheimer's and Related Disorders;
- (8) 10A NCAC 13F .1400 Special Care Units for Mental Health Disorders; and
- (9) 10A NCAC 13F .1500 Use of Physical Restraints and Alternatives.

History Note: Authority G.S. 131D-4.5; 131D-10;

Eff. April 1, 2008

10A NCAC 13F .1604 is adopted with changes as published in 22:11 NCR, pp. 938-942, as follows:

10A NCAC 13F .1604 RATING CALCULATION

(a) Ratings shall be based on:

- (1) Inspections completed pursuant to G.S. 131D-2(b)(1a);
- (2) Statutory and Rule requirements contained in Rule ~~.1603~~, .1603 of this Section;
- (3) Type A or uncorrected Type B penalty violations identified pursuant to G.S. 131D-34;

and

- (4) Other items ~~contained~~ listed in Subparagraphs (c)(1) and (c)(2) of this Rule.

(b) The initial rating a facility receives shall remain in effect until the next inspection. If an activity occurs which results in the assignment of additional merit or demerit points, a new certificate shall be issued pursuant to Rule ~~.1602(a)~~, .1602(a) of this Section.

(c) The rating shall be based on a 100 point scale. Beginning with the initial rating and repeating with each annual inspection, the facility shall be assigned 100 points and shall receive merits or demerits, which shall be added or subtracted from the 100 points, respectively. The merits and demerits shall be assigned as follows:

(1) Merit Points

- (A) If the facility corrects citations of noncompliance with the statutes or rules listed in Rule .1603 of this Subchapter, which are not related to the identification of a Type A violation or an uncorrected Type B violation, the facility shall receive 1.25 merit points for each corrected deficiency;
- (B) If the facility receives ~~only standard~~ citations on its annual inspection with no Type A or Type B violations and the rating from the annual inspection is one ~~star~~, or zero stars, the facility may request DHRS to conduct a follow-up inspection not less than 60 days after the date of the annual inspection. The follow-up inspection will be completed depending upon the availability of

DHSR staff. As determined by the follow-up review, the facility shall receive 1.25 merit points for each corrected deficiency;

- (C) If the facility corrects the citation for which a Type A violation was identified, the facility shall receive ~~5 2.5 merit points;~~ points and shall receive an additional 2.5 merit points following the next annual inspection if no further Type A violations are identified;

(D) If the facility corrects a previously uncorrected Type B violation, the facility shall receive ~~2.5~~ 1.25 merit points;

(E) If the facility's admissions have been suspended, the facility shall receive 5 merit points if the suspension is removed;

- (F) If the facility participates in any quality improvement program approved by the Department, the facility shall receive 2.5 merit points;

- (G) If the facility receives NC NOVA special licensure designation, the facility shall receive 2.5 merit points;

10A NCAC 13F .1605 is adopted with changes as published in 22:11 NCR, pp. 938-942, as follows:

10A NCAC 13F .1605 CONTENTS OF RATED CERTIFICATE

(a) The certificate shall contain a rating determined pursuant to Rule .1604 of this Subchapter. ~~The rating shall be printed on the certificate in bold type with a font not less than 24 points.~~

(b) The certificate or accompanying worksheet from which the score is derived shall contain a breakdown of the point merits and demerits by the factors listed in Rules .1603 and .1604(c) of this Subchapter in a manner that the public can determine how the rating was assigned and the factors that contributed to the rating.

(c) The certificate shall be printed on the same type of paper that is used to print the facility's license.

(d) The Division of Health Service Regulation shall issue the certificate pursuant to Rule .1602 of this Subchapter.

History Note: Authority G.S. 131D-4.5; 131D-10;

Eff. April 1, 2008.

Attachment 4: Adopted Rules for Family Care Homes

10A NCAC 13G .1601 is adopted with changes as published in 22:11 NCR, pp. 938-942, as follows:

SECTION .1600 – RATED CERTIFICATES

10A NCAC 13G .1601 SCOPE

- (a) This Section ~~shall apply~~ applies to all licensed family care homes that have been in operation for more than one year.
- (b) As used in this Section a “rated certificate” means a certificate issued to a family care home on or after January 1, 2009 and based on the factors contained in G.S. 131D-10.

*History Note: Authority G.S. 131D-4.5; 131D-10;
Eff. April 1, 2008.*

10A NCAC 13G .1602 is adopted with changes as published in 22:11 NCR, pp. 938-942, as follows:

10A NCAC 13G .1602 ISSUANCE OF RATED CERTIFICATES

- (a) A rated certificate shall be issued to ~~the~~ a facility by the Division of Health Service Regulation within 45 days completion of ~~the activity set out in~~ a new rating calculation pursuant to Rule .1604. .1604 of this Subchapter.
- (b) If the ownership of the facility ~~experiences a change of ownership,~~ changes, the rated certificate in effect at the time of the change of ownership shall remain in effect until the next annual survey or until a new rating certificate is issued pursuant to Rule .1604(b) of this Subchapter.
- (c) The certificate and any worksheet the Division ~~uses~~ used to calculate the ~~rating~~ rated certificate shall be ~~posted in a place in the facility visible to residents, staff and visitors.~~ displayed in a location visible to the public.
- (d) The facility may contest the ~~rating~~ rated certificate by requesting a contested case hearing pursuant to G.S. 150B. The ~~rating~~ rated certificate and any subsequent ~~ratings~~ shall certificates remain in effect during any contested case hearing process.

*History Note: Authority G.S. 131D-4.5; 131D-10;
Eff. April 1, 2008.*

10A NCAC 13G .1603 is adopted with changes as published in 22:11 NCR, pp. 938-942, as follows:

10A NCAC 13G .1603 STATUTORY AND RULE REQUIREMENTS AFFECTING RATED CERTIFICATES

The following Statutes and Rules ~~shall~~ comprise the standards that contribute to rated certificates:

- (1) G.S. 131D-21 Resident's Rights;
- (2) 10A NCAC 13G .0300 The Building;
- (3) 10A NCAC 13G .0700 Admission and Discharge Requirements;
- (4) 10A NCAC 13G .0800 Resident Assessment and Care Plan;
- (5) 10A NCAC 13G .0900 Resident Care and Services;
- (6) 10A NCAC 13G .1000 Medications; and
- (7) 10A NCAC 13G .1300 Use of Physical Restraints and Alternatives.

*History Note: Authority G.S. 131D-4.5; 131D-10;
Eff. April 1, 2008.*

10A NCAC 13G .1604 is adopted with changes as published in 22:11 NCR, pp. 938-942, as follows:

10A NCAC 13G .1604 RATING CALCULATION

(a) Ratings shall be based on:

- (1) Inspections completed pursuant to G.S. 131D-2(b)(1a)a;
- (2) Statutory and Rule requirements contained in Rule ~~1603~~; 1603 of this Section;
- (3) Type A or uncorrected Type B penalty violations identified pursuant to G.S. 131D-34;

and

- (4) Other items ~~contained~~ listed in Subparagraphs (c)(1) and (c)(2) of this Rule.

(b) The initial rating a facility receives shall remain in effect until the next inspection. If an activity occurs which results in the assignment of additional merit or demerit points, a new certificate shall be issued pursuant to Rule ~~1602(a)~~; 1602(a) of this Section.

(c) The rating shall be based on a 100 point scale. Beginning with the initial rating and repeating with each annual inspection, the facility shall be assigned 100 points and shall receive merits or demerits, which shall be added or subtracted from the 100 points, respectively. The merits and demerits shall be assigned as follows:

(1) Merit Points

- (A) If the facility corrects citations of noncompliance with the statutes or rules listed in Rule .1603 of this Subchapter, which are not related to the identification of a Type A violation or an uncorrected Type B violation, the facility shall receive 1.25 merit points for each corrected deficiency;
- (B) If the facility receives ~~only standard~~ citations on its annual inspection with no Type A or Type B violations and the rating from the annual inspection is one ~~star~~, or zero stars, the facility may request DHSR to conduct a follow-up inspection not less than 60 days after the date of the annual inspection. The follow-up inspection will be completed depending upon the availability of

DHSR staff. As determined by the follow-up review, the facility shall receive 1.25 merit points for each corrected deficiency;

- (C) If the facility corrects the citation for which a Type A violation was identified, the facility shall receive ~~5~~ 2.5 merit ~~points;~~ points and shall receive an additional 2.5 merit points following the next annual inspection if no further Type A violations are identified;
- (D) If the facility corrects a previously uncorrected Type B violation, the facility shall receive ~~2.5~~ 1.25 merit points;
- (E) If the facility's admissions have been suspended, the facility shall receive 5 merit points if the suspension is removed;
- (F) If the facility participates in any quality improvement program approved by the Department, the facility shall receive 2.5 merit points;
- (G) If the facility receives NC NOVA special licensure designation, the facility shall receive 2.5 merit points;
- (H) On or after the effective date of this Rule, if the facility permanently installs a generator or has a contract with a generator provider to provide emergency power for essential functions of the facility, the facility shall receive 2 merit points. For purposes of this Section, essential functions mean those functions necessary to maintain the health or safety of residents during power outages greater than 6 hours. If the facility has an existing permanently installed generator or an existing contract with a generator provider, the facility shall receive 1 merit point for maintaining the generator in working order or continuing the contract with a generator provider; and
- (I) On or after the effective date of this Rule, if the facility installs automatic sprinklers in compliance with the North Carolina Building Code, the facility shall receive 3 merit points. If the facility has an existing automatic sprinkler, the facility shall receive 2 merit points for subsequent ratings for maintaining the automatic sprinklers in good working order.

(2) Demerit Points

- (A) For each citation of noncompliance with the statutes or rules listed in Rule .1603 of this Subchapter, the facility shall receive a demerit of 2 points. The facility shall receive demerit points only once for citations in which the findings are identical to those findings used for another citation;
- (B) For each citation of a Type A violation, the facility shall receive a demerit of 10 points;
- (C) For each citation of a Type B violation, the facility shall receive a demerit of 3.5 points and if the Type B violation remains uncorrected ~~Type B violation, as the~~

result of a follow-up inspection, the facility shall receive ~~a~~ an additional demerit of ~~5~~ 3.5 points;

- (D) If the facility's admissions are suspended, the facility shall receive a demerit of 10 points; however, if the facility's admissions are suspended pursuant to G.S. 131D-4.2, the facility shall not receive any demerit points; and
- (E) If the facility receives a notice of revocation against its license, the facility shall receive ~~a~~ demerit of ~~15~~ 31 points.

(d) Facilities shall be given a rating of ~~one zero~~ to four stars depending on the score assigned pursuant to Paragraph (a), (b) or (c) of this Rule. Ratings shall be assigned as follows:

- (1) Four stars shall be assigned to any facility whose score is 100 points or greater ~~and has received NC NOVA special licensure designation;~~ on two consecutive annual inspections;
- (2) Three stars shall be assigned for scores of 90 – 99.9 points;
- (3) Two stars shall be assigned for scores of 80 – 89.9 points; ~~and~~
- (4) One star shall be assigned for scores of ~~79.9~~ 70 – 79.9 points or lower. ~~points; and~~
- (5) Zero stars shall be assigned for scores of 69.9 points or lower.

History Note: Authority G.S. 131D-4.5; 131D-10;

10A NCAC 13G .1605 is adopted with changes as published in 22:11 NCR, pp. 938-942, as follows:

10A NCAC 13G .1605 CONTENTS OF RATED CERTIFICATE

- (a) The certificate shall contain a rating determined pursuant to Rule .1604 of this Subchapter. ~~The rating shall be printed on the certificate in bold type with a font not less than 24.~~
- (b) The certificate or accompanying worksheet from which the score is derived shall contain a breakdown of the point merits and demerits by the factors listed in Rules .1603 and .1604(c) of this Subchapter in a manner that the public can determine how the rating was assigned and the factors that contributed to the rating.
- (c) The certificate shall be printed on the same type of paper that is used to print the facility's license.
- (d) The Division of Health Service Regulation shall issue the certificate pursuant to Rule .1602 of this Subchapter.

History Note: Authority G.S. 131D-4.5; 131D-10;

Eff. April 1, 2008.